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TESTIMONY IN FAVOR OF ASSEMBLY BILL 543

Good morning Madam Chairwoman and committee members and thank you for holding this hearing today on Assembly Bill 543.

AB 543 has been introduced to address what is currently a unique situation in Ozaukee County but could eventually develop in other counties as well. This bill was drafted in response to a constituent.

Under current law a county board may levy a tax for the purpose of providing library services to county residents. This tax is normally assessed against property owners that reside in areas of the county that are not part of any library district, but may use other libraries in the county.

Under current law, communities in which libraries are located are exempted from the county library tax if they meet certain criteria. To remain exempt from the tax, the community must fund its library at a minimum of the tax rate times the community's equalized property value.

The problem is that as property values resume increasing as the economy is bound to improve, certain communities in Ozaukee County, and possibly elsewhere, will either have to collect more money from their residents than needed, or else be subject to the county library tax as the community's library tax. There is no rationale for tying the library tax in communities in which libraries are located to property values.

This bill provides an exemption from the county library tax if a community, (which is defined in the bill as a city, town, village or school district)

- a) levies a tax for public library services and spends for a library fund an amount that is not less than the average amount for the three previous years
- b) The county board approves the exemption, and,
- c) For the first year of the exemption under the new method the community qualified for the exemption under the method described under current law in the three previous years.

So this is a complicated sounding bill that is really quite simple. There is no reason that a community should either have to overtax for library services or be taxed twice simply because property values have increased.

It's also non-controversial. This same bill passed the Assembly on a vote of 96?-1 in 2008. It's also revenue neutral. The fiscal notes from DOR and DPI in 2007 indicated no state fiscal impact, and an indeterminate impact on local communities.

Again thank you for holding this hearing today, and I will be glad to answer any questions.

Fiscal Estimate - 2011 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 11-1953/1		Introduction Number AB-0543	
Description Exempting a city, town, village, or school district from a county library tax			
Fiscal Effect			
State:			
<input checked="" type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input checked="" type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input checked="" type="checkbox"/> Towns		<input checked="" type="checkbox"/> Village	
<input checked="" type="checkbox"/> Counties		<input checked="" type="checkbox"/> Cities	
<input checked="" type="checkbox"/> School Districts		<input type="checkbox"/> Others	
		<input type="checkbox"/> WTCS Districts	
Fund Sources Affected			
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Affected Ch. 20 Appropriations			
Agency/Prepared By		Authorized Signature	
DOR/ Daniel Huegel (608) 266-5705		Paul Ziegler (608) 266-5773	
		Date	
		2/8/2012	

Fiscal Estimate Narratives

DOR 2/8/2012

LRB Number	11-1953/1	Introduction Number	AB-0543	Estimate Type	Original
Description					
Exempting a city, town, village, or school district from a county library tax					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a county may levy a tax for providing library services to county residents. Any municipality or school district in the county shall, upon written application to the county board, be exempted from this levy if it levies its own tax for library services at a rate equal to or more than the county rate. Both the county and municipal rates are calculated excluding amounts levied for public library capital expenditures. The county board need not grant the exemption if the municipality or school district library fails to meet certain service standards.

Under the bill, upon approval by the county board, any municipality or school district that levies a tax for library services, excluding levies for library capital expenditures, shall be exempt from the county library tax if it appropriates and spends for a library fund an amount that is not less than the average of the previous 3 years. In the first year that a municipality or school district seeks the exemption, it must have qualified for the existing exemption from the library service in each of the previous 3 years.

Based on data reported annually to the Department of Revenue (DOR) on tax apportionment sheets, there were 56 counties where the county library levy was not spread county-wide because some municipalities are exempt from the county library levy. For these 56 counties, the total county library tax for the 2011/12 property tax year was about \$46.1 million, and the average tax rate for the municipalities subject to the tax was about \$0.2575 per \$1,000 equalized value.

Based on expenditure data reported annually to the DOR on municipal financial report forms, there are municipalities that provide their own library and also pay the county library tax. The DOR does not have sufficient detail on library spending to determine whether any of these municipalities could have qualified for the current exemption from the county library tax. The DOR also is unable to determine which municipalities could qualify for the exemption under the bill.

To the extent that additional municipalities can claim an exemption from the county library tax, there will be a shift in this levy to the municipalities that remain subject to the tax, resulting in an increase in these municipalities' county library tax levy.

The bill has no effect on the DOR's administrative procedures or costs.

Long-Range Fiscal Implications